

Christopher Houston, Johnnethan Washington and Sherri Gore

Presentation Overview



- Terminology associated with exception applications
- Statewide Rule Exception Triggers
- Notification parameters
- Plat requirements
- Different ways to resolve SWR exceptions



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Special Horizontal Field Rules

Special Horizontal Field Rules: For informational purposes only. The Final Order controls all field rules.

Illustration Screen Help

Correlative Interval: From 6865 to 10605 feet

Established by API Number: 32931029

Dual Lease Line Take Point Spacing

First/Last Take Points (Heel and Toe) to Lease Line: 100 feet

Off-Lease Penetration Point: Yes

Perpendicular Spacing from All Take Points to Lease Line: 330 feet

Between-Well Spacing

Subsurface Tolerance Box: 50 feet

Horizontal to Vertical: 0 feet

Non-Perforation Zone (NPZ): Yes

Horizontal to Horizontal: 0 feet

Overlap Distance: N/A

Stacked Lateral Rules: Yes (If yes, see Final Order for details)

Special Rule 38 (Well Density) Provision

Upper: 79 acres

Notification Radius: 660 feet

Lower: 20 acres

Comments for the Special Field Rules

Comments: DOCKET NUMBER 7C-0291171 IS THE SECOND DOCKET APPROVED FOR THIS FIELD.

History: Final Orders that contain special horizontal field rules language

Docket Number Final Order Effective Date Final Order Document

7c-0291169 12/02/2014 <u>Click Here</u>





SWR 37 & 38 terminology you should know.

- OFFSET
- WAIVER-
 - 1. Basic information required
 - 2. Information on waiver must match permit application
 - 3. We will not accept waivers older than 6 months





DATE

EXAMPLE

RULE 37 AND/OR RULE 38 WAIVER

OFFSET INC
P O BOX XXXXX
XXXXX, TEXAS XXXXX

RE: RULE 37 AND/OR RULE 38
LEASE NAME
COUNTY

THE APPLICANT IS REQUESTING AN EXCEPTION TO STATEWIDE RULE 37 AND/OR RULE 38 THE BELOW SIGNED HAS NO OBJECTIONS.

SIGNATURE						
TITLE (OPTIONAL)						
DATE.						

Example of generic waiver





SWR 37 & 38 terminology you should know.

SERVICE LIST

UNAFFECTED

- 1. lease spacing
- 2. between well
- 3. Density



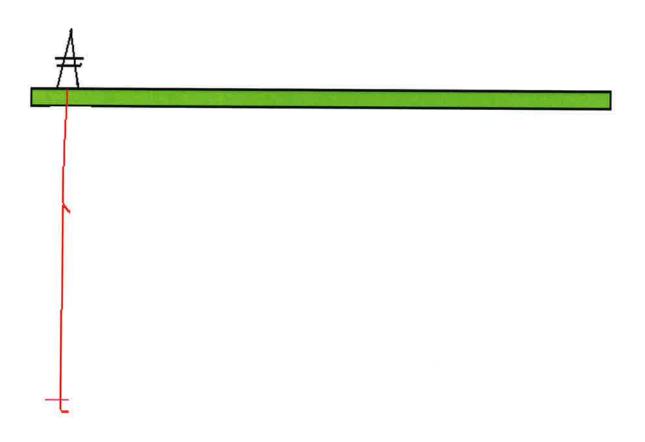
SWR 37 LEASE LINE EXCEPTIONS

What triggers a SWR 37 lease line exception?

- Vertical well
- Directional well
- Horizontal well
 - 1. SWR 86 field
 - 2. Field with special horizontal rules



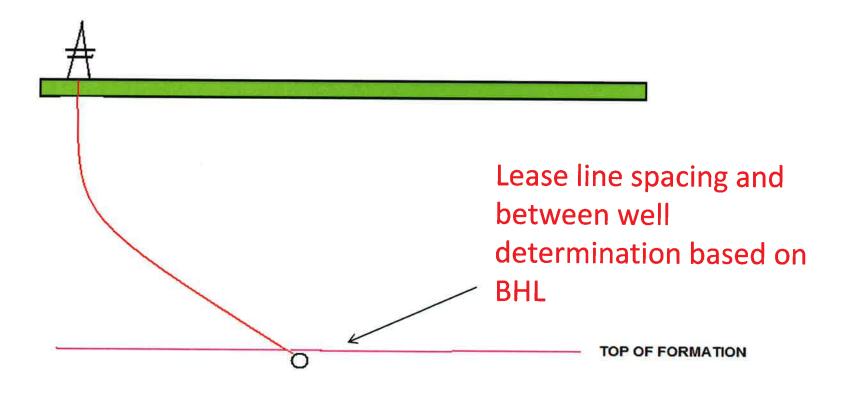
Vertical Well in Productive Zone



WELLBORE IN PRODUCTIVE ZONE



Directional Well in Productive Zone



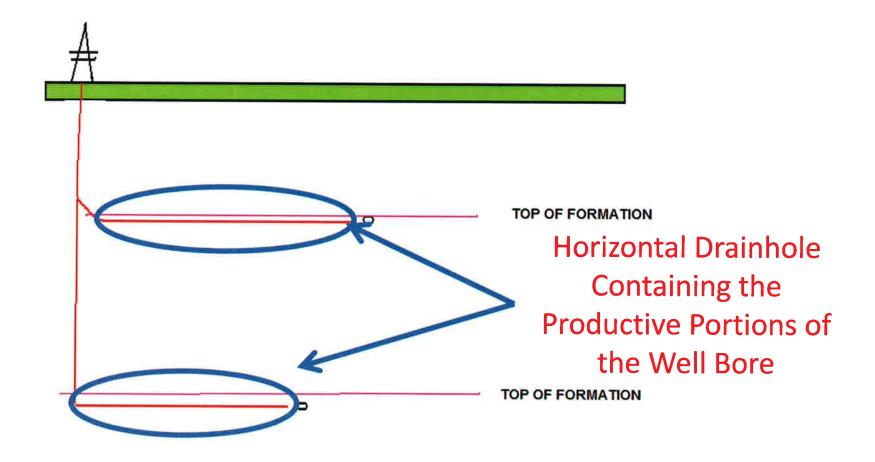
WELLBORE IN PRODUCTIVE ZONE

DIRECTIONAL PROFILE





Horizontal Well Productive Zone





SWR 37 SPACING EXCEPTIONS

What triggers a SWR 37 Lease Line exception?

Oil Field Rules:

County Regular: N Salt Dome: N Field Location: LAND Don't Permit: N

Schedule Remarks: WELL RECORD.

Comments: OPTIONAL ADAGMO DIAGONAL

	Rule Type	Depth	Lease Spacing	Vell Spacing	Acres per Unit	Tolerance Acres	Diagonal Code	Diagonal Max Length
	Special Rules	All Depths	467	933	160.0	40.0	Corner to Corner	0
	Optional Rules	All Depth:	467	933	40.0	0.0	Corner to Corner	99999
ı	7				W			

Gas Field Rules:

County Regular: N Salt Dome: N Field Location: LAND Don't Permit: N Schedule Remarks: FIELD RULES ARE TEMPORARY AND EFFECTIVE UNTIL MAY 30, 2012.

Comments: CO RELIVIT.8070-13 92',40 AC.OP., RULES TEMP.TIL 5/30/12

Rule Type	Depth	Lease Spacing	Well Spacing	Acres per Unit	Tolerance Acres	Diagonal Code	Diagonal Max Length
Special Rules	All Depth	467	933	320.0	32.0		0
Optional Rules	All Depth	467	933	40.0	0.0	Corner to Corner	99999



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Horizontal to Vertical: 0 feet

Horizontal to Horizontal: 0 feet

Overlap Distance: N/A

Subsurface Tolerance Box: 50 feet

Non-Perforation Zone (NPZ): Yes

Stacked Lateral Rules: Yes (If yes, see Final Order for details)

Special Rule 38 (Well Density) Provision

Upper: 79 acres

Notification Radius: 660 feet

Lower: 20 acres

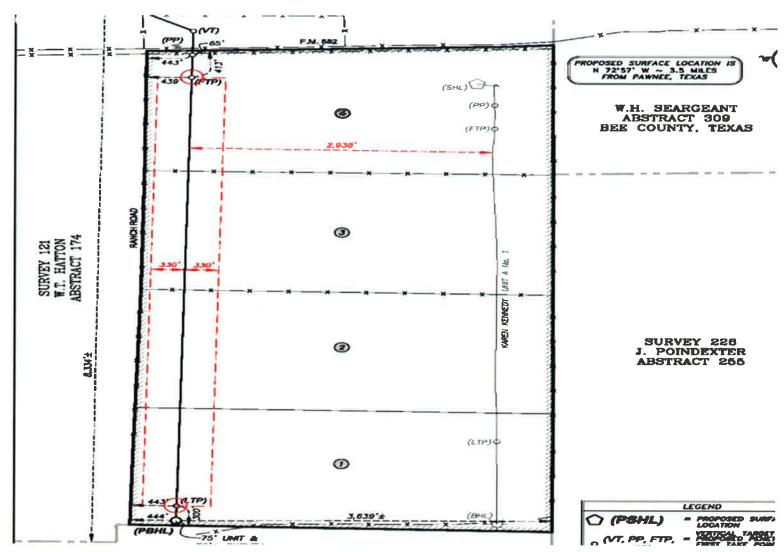
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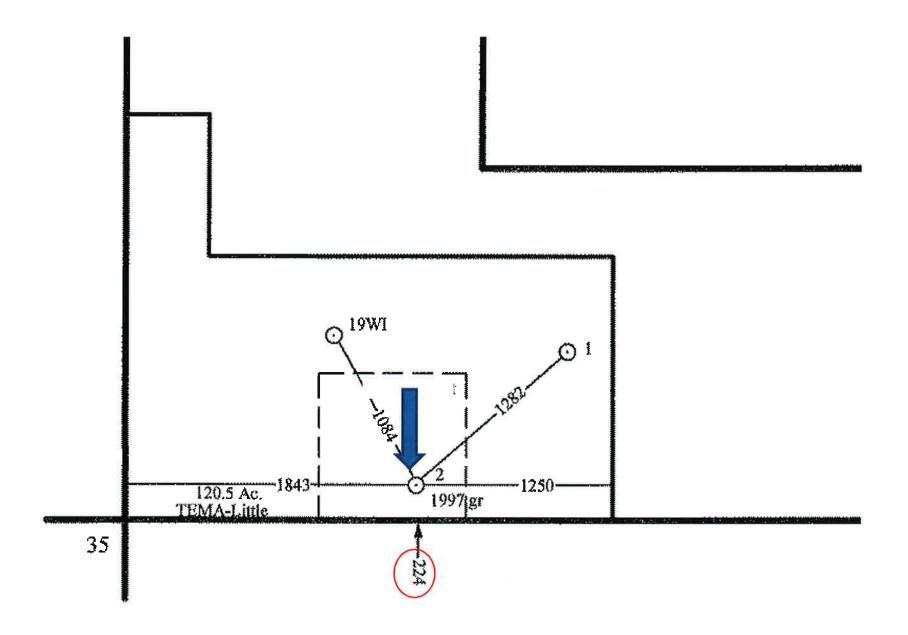
History: Final Orders that contain special horizontal field rules language

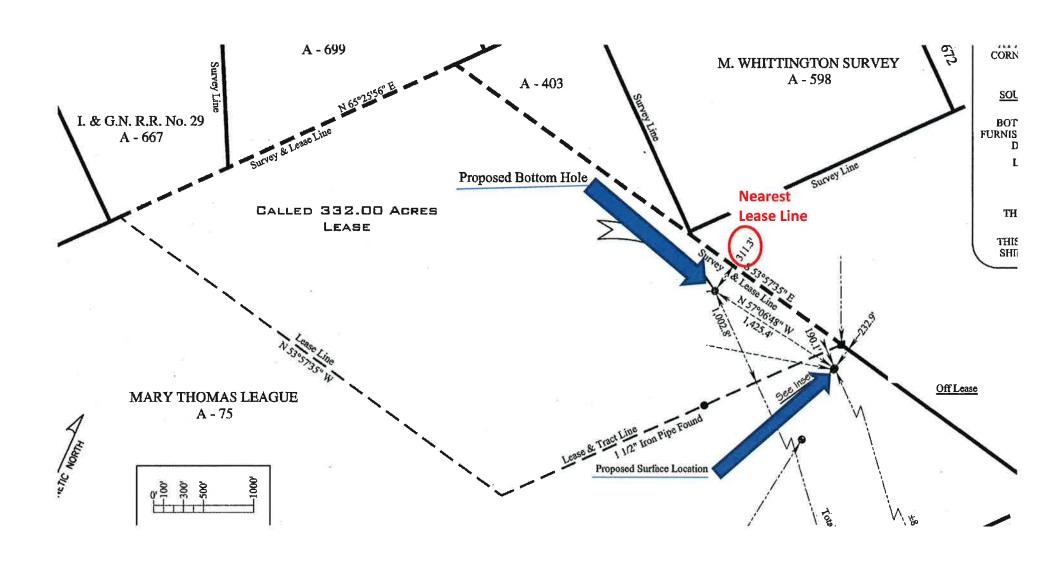
DOCKEL NUMBER FI	inal Order Effective Date	rinai Order Document
7c-0291169	12/02/2014	Click Here

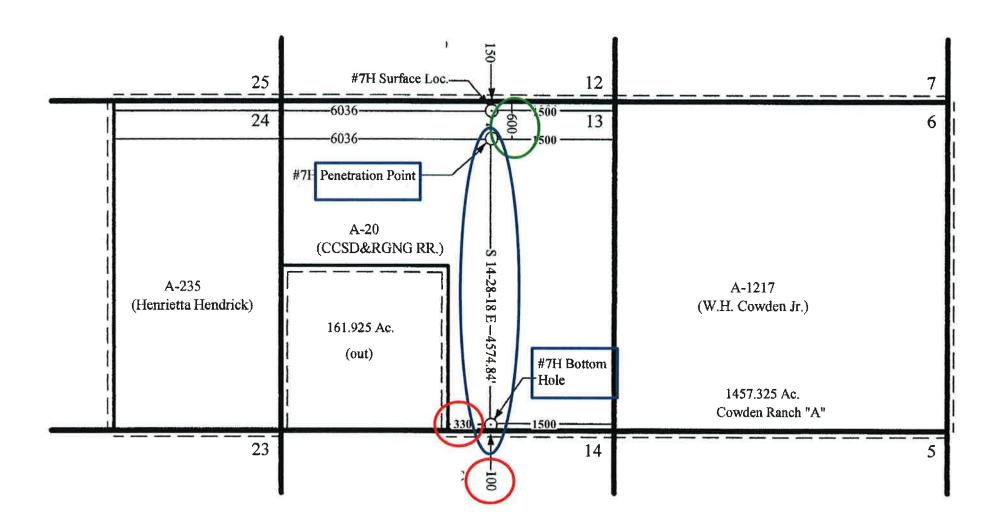


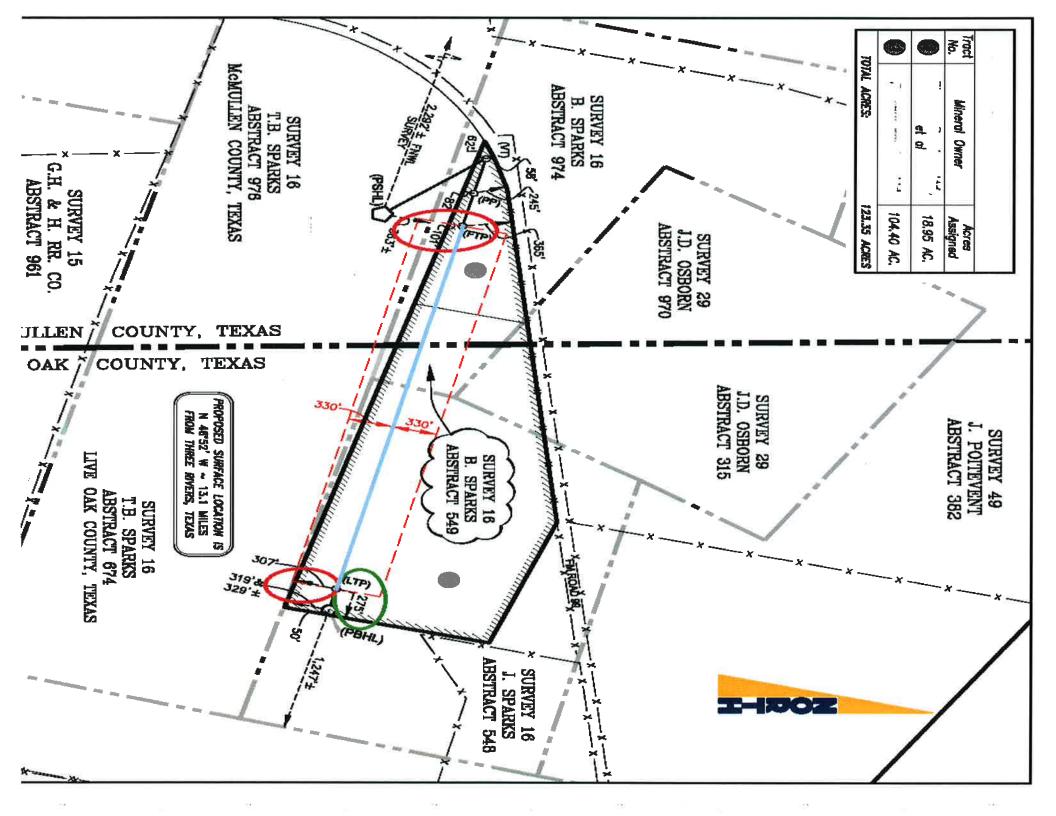


HORIZONTAL WELL PLAT











Plat requirements For Lease Line SWR 37 exception

- The plat must clearly show all offset interests within whichever is greatest between the <u>lease line spacing or half of the between well spacing</u> for the field in question.
 Example: LL = 467' BW= 1200' so half of BW = 600' this value is greater than 467' so offsets within 600' of well location must be shown on plat.
 - Vertical well from location of the well
 - Directional well from the BHL of the well
 - Horizontal well- portion of well within the correlative interval

All plats used for SWR exceptions must be certified with a surveyors stamp or signature from operator representative.

Texas Administrative Code

Next Rule>>>

PART 1
CHAPTER 3

ECONOMIC REGULATION
RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

RULE §3.37

Statewide Spacing Rule

- (a) Distance requirements.
- (1) No well for oil, gas, or geothermal resource shall hereafter be drilled nearer than 1,200 feet to any well completed in or drilling to the same horizon on the same tract or farm, and no either to prevent waste or to prevent the confiscation of property. property, may grant exceptions to permit drilling within shorter distances than prescribed in this paragraph when the commission shall determine that such exceptions are necessary provided the commission, in order to prevent waste or to prevent the confiscation of well shall be drilled nearer than 467 feet to any property line, lease line, or subdivision line;
- (2) When an exception to this section is desired, application shall be made by filing the proper the application shall certify that all facts stated in it are true and within the knowledge of described in subsection (c) of this section. A person acquainted with the facts pertinent to and the appropriate form according to the instructions on the form, accompanied by a plat as fee as provided in §3.78 of this title (relating to Fees and Financial Security Requirements)
- the minimum lease-line spacing distance, include: the well than the greater of one-half of the prescribed minimum between-well spacing distance or applicant shall file a list of the mailing addresses of all affected persons, who, for tracts closer to (A) When an exception to only the minimum lease-line spacing requirement is desired, the
- (i) the designated operator;
- (ii) all lessees of record for tracts that have no designated operator; and
- (iii) all owners of record of unleased mineral interests.
- subparagraph (A)(i)-(iii) of this paragraph for each adjacent tract and each tract nearer to the well minimum lease-line spacing. than the greater of one-half the prescribed minimum between-well spacing distance or the desired, the applicant is required to file the mailing addresses of those persons identified in (B) When an exception to the minimum between-well spacing requirement of this section is
- (3) An exception may be granted pursuant to subsection (h)(2) of this section, or after a public of property. For purposes of giving notice of an application for an exception, the will be affected by the application, unless the Oil and Gas Division director or the director's commission will presume that every person described in paragraph (2) of this subsection exception to this section is necessary either to prevent waste or to prevent the confiscation subsection. At any such hearing, the burden shall be on the applicant to establish that an hearing held after at least 10 days notice to all persons described in paragraph (2) of this

- request and a showing by the applicant that: delegate determines they are unaffected. Such determination will be made only upon written
- hydrocarbons from the particular tract(s) subject to the request will occur due to production from the applicant's proposed well; and (A) competent, conclusive geological or engineering data indicate that no drainage of
- mineral interest would be unduly burdensome or expensive. (B) notice to the particular operator(s), lessee(s) of record, or owner(s) of record of unleased
- have not been established. standard development on a pattern of one well to each 40 acres in areas where proration units (b) The distances mentioned in subsection (a) of this section are minimum distances to provide
- addition to the plat requirements in §3.5 of this title (relating to Application to Drill, Deepen, Reenter, or Plug Back) (Statewide Rule 5), the applicant shall attach to each copy of the form a (c) In filing an application for an exception to the distance requirements of this section, in
- reservoir within the prescribed minimum between-well spacing distance of the applicant's well; property; and all adjoining surrounding properties and completed wells in the same field and permitted, and completed oil, gas, or oil and gas wells in the same field and reservoir on said (1) shows to scale the property on which the exception is sought; all other applied for,
- properties of all affected offset operators; (2) shows the entire lease, pooled unit, or unitized tract indicating the names and offsetting
- (3) corresponds to the listing required under subsection (a)(2) of this section;
- accurately drawn to scale and correctly reflects all pertinent and required data. (4) is certified by a person acquainted with the facts pertinent to the application that the plat is
- resource fields to enter special orders increasing or decreasing the minimum distances provided confiscation of property, the commission reserves the right in particular oil, gas, and geothermal by this section. (d) In the interest of protecting life and for the purpose of preventing waste and preventing the
- violation of said section or on the commission's own order shall be plugged. be permitted to produce either oil, gas, or geothermal resources and any such well so drilled in commission's own order which does not conform in all respects to the terms of such permit shall in the manner prescribed in said section, and no well drilled under such special permit or on the (e) No well drilled in violation of this section without special permit obtained, issued, or granted
- has been approved, or that the Rule 37 exception location has been approved. Failure of an exception location, until first having been notified by the commission that the regular location (f) No operator shall commence the drilling of a well, either on a regular location or on a Rule

operator to comply with this subsection will cause such well to be closed in and the holding up of the allowable of such well.

- (g) Subdivision of property
- confiscation if such subdivision took place subsequent to the promulgation and adoption of the of property will be regarded in applying such spacing rule or in determining the matter of or not any property is being confiscated within the terms of such spacing rule, and no subdivision subsequent to the adoption of the original spacing rule will be considered in determining whether special rule with relation to spacing in every field in this state, no subdivision of property made (1) In applying Rule 37 (Statewide Spacing Rule) of statewide application and in applying every original spacing rule.
- subdivision and not entitled to a permit to prevent confiscation of property if it were either: obtain an exception to the spacing rule before a well can be drilled thereon is a voluntary (2) Any subdivision of property creating a tract of such size and shape that it is necessary to
- development; or (A) segregated from a larger tract in contemplation of oil, gas, or geothermal resource
- effective and the voluntary subdivision rule attached (B) segregated by fee title conveyance from a larger tract after the spacing rule became
- geothermal resource field having a discovery date prior to the date of such segregation segregation of a small tract by fee title conveyance which is not located in an oil, gas, or lateral extensions of such reservoir, provided that such rule does not attach in the case of a or geothermal resource production in a certain continuous reservoir, regardless of the subsequent (3) The date of attachment of the voluntary subdivision rule is the date of discovery of oil, gas,
- earliest discovery well for such multiple reservoir structure. reservoirs overlap geographically at least in part), shall be the same date as that assigned to the in the same structural feature and separated vertically but not laterally (i.e., the multiple (4) The date of attachment of the voluntary subdivision rule for multiple reservoir fields located
- such newly discovered reservoir until it overlies or underlies older reservoirs with prior voluntary subdivision rule, even though subsequent development may result in the extension of then the date of discovery of such newly found reservoir remains the date of attachment for the previously discovered reservoirs and is classified by the commission as a newly discovered field, discovery dates. (5) If a newly discovered reservoir is located outside the then productive limits of any
- merged reservoir, and that date will be used subsequent to the date of merger of the fields into a and is merged by commission order is the earliest discovery date of production from such developed through expansion of separately recognized fields into a recognized single reservoir single field. (6) The date of attachment of the voluntary subdivision rule for a reservoir that has been

- established other than as prescribed in this section, so that innocent parties may have their rights circumstance which the commission deems sufficient to provide for an exception may be (7) The date of attachment of the voluntary subdivision rule for a reservoir under any special
- (h) Exceptions to Rule 37.
- to paragraph (2) of this subsection shall be issued without the 20-day waiting period. granted, this order shall be subject to further action by the commission. Permits issued pursuant day period, this order shall not become final until such motion is overruled, or if such motion is that if a motion for rehearing of the application is filed by any party at interest within such 20not be final until 20 days after it is actually mailed to the parties by the commission; provided paragraph the following language: It is further ordered by the commission that this order shall (1) An order granting exception to Rule 37 wherein protest is had shall carry as its last
- permit for drilling, deepening, or additional completion, recompletion, or reentry in an existing well bore if: (2) The director of the Oil and Gas Division or a delegate of the director may issue an exception
- application; or (A) a notice of at least 10 days has been given, and no protest has been made to the
- pursuant to subsection (a)(2) of this section. (B) written waivers of objection are received from all persons to whom notice would be given
- director declines to grant an application, the operator may request a hearing commission's discretion to set any application for hearing. If the director or a delegate of the will be processed and permit issued in accordance with this regulation, subject to the (3) Applications filed for drilling, deepening, or additional completion, recompletion, or reentry
- (i) Rule 37 permits.
- shall expire two years from the effective date of the permit unless drilling operations are commenced in good faith within the two-year permit period. The permit period will not be section, permits issued by the commission for completions requiring an exception to this section extended. (1) Unless otherwise specified in a permit or in a final order granting an exception to this
- period will commence, beginning on the date of final decree. commence. On final adjudication and decree from the last court of appeal the two-year permit (2) So long as a Rule 37 exception is in litigation, the two-year permit period will not
- administration of its Spacing Rule 37 and amendments thereto applicable to the various special entertained except on changed conditions. Changed conditions in the commission's (j) Once an application for a spacing exception has been denied, no new application shall be

amendments shall include, among other things, the following fields and reservoirs of Texas and in passing upon applications for permits under said rule and

- recovery of oil, gas, or geothermal resource from the given tract. under consideration or under the area surrounding said tract which would materially affect the (1) Any material changes in the physical conditions of the producing reservoir under the tract
- recovery of oil, gas, or geothermal resource from the given tract. surrounding the tract under consideration which would materially affect or tend to affect the (2) Any material changes in the distribution or allocation of allowable production in the area
- the recovery of oil, gas, or geothermal resource from the given tract. or on offset tracts to the tract under consideration which would materially affect or tend to affect (3) Any additional permits granted by the commission for wells drilled in the area surrounding
- applicant, which were not known of and considered by the commission at any previous hearing or application thereon. recovery of oil, gas, or geothermal resource from the applicant's tract, or the property rights of (4) Any additional facts or evidence thereof materially affecting or tending to affect the
- reservoir or reservoirs or applicable depth to which the well is projected. Subsequent special field rules are applicable, an exception to the spacing rule shall be granted only for the granted only after the filing and processing of a new application. recompletion of the well to reservoirs other than that covered by the permit issued would be (k) Exceptions to Statewide Rule 37 apply to the total depth for which the permit is granted or if
- (l) Salt dome oil or gas fields.
- An application for classification as a salt dome oil or gas field shall include the following: (1) The provisions of this section shall not apply to certain approved salt dome oil or gas fields.
- likely to be completed in a separate reservoir; faulting has caused the producing formation to be at a 45 angle or greater, and that each well is (A) geological evidence proving that an oil or gas field is a piercement-type salt dome, that
- (B) establishment, by plat or otherwise, of the probable productive limits of the salt dome
- of this section; and has been given to all operators in the field or, if a new field, in accordance with subsection (a)(2) (C) certification that notice of the application for salt dome classification with evidence included
- (D) a list of persons notified and the date notice was mailed

- grant an application for salt dome classification if the evidence proves that the oil or gas field is a salt dome (2) The director of the Oil and Gas Division, or the director's delegate, may administratively
- days of notice, it will be set for hearing. After hearing, the examiner shall recommend final director's delegate, declines to approve an application. If an application is protested within 10 commission action. (3) The operator may request a hearing if the director of the Oil and Gas Division, or the
- not alter the status of those fields previously approved and listed in this section. (4) The amendment providing for administrative approval of salt dome oil and gas fields does
- authenticated data at each such hearing. condition of each such well. The following will be adduced from sworn testimony and record in each reapplication for such deviated wells so that the commission can determine the bottomed on the lease where permitted, are legal wells. The Rule 37 department will develop the (m) Wells that were deviated, whether intentionally or otherwise, prior to April 1, 1949, and are
- that date and its subsequent producing status is not adequate proof of deviation. (1) That such well was deviated before April 1, 1949. Proof of completion of the well prior to
- bottom hole location must be proven by the submission of an acceptable authenticated directional survey. (2) That such well was completed on the lease where the surface location was permitted. Such
- Example: Denial order for a Rule 37 application for a comparable location. limitation placed in the permit to drill, or is not in violation of a specific commission order. (3) That such bottom hole location is one that either is not in direct violation of a condition or
- inclination or a false directional survey with the commission. (4) That the present operator of such well or his predecessor has not filed either a false
- specific commission order, is an illegal well and it shall not be permitted, and such well where permit is refused shall not be considered a replaceable well under commission replacement-well violation of a specific condition or limitation placed in the Rule 37 permit, or is in violation of a (5) A well that is either bottomed off the lease, deviated after April 1, 1949, drilled in direct
- applicant proves that a vertical projection of the permitted surface location for such well is now applicable, provided, that such bottom hole location shall not be approved unless the bottom hole location of a deviated well as a reasonable location under the rules and regulations within the productive limits of the reservoir. (6) The provisions of this section do not preclude an operator from applying for approval of the

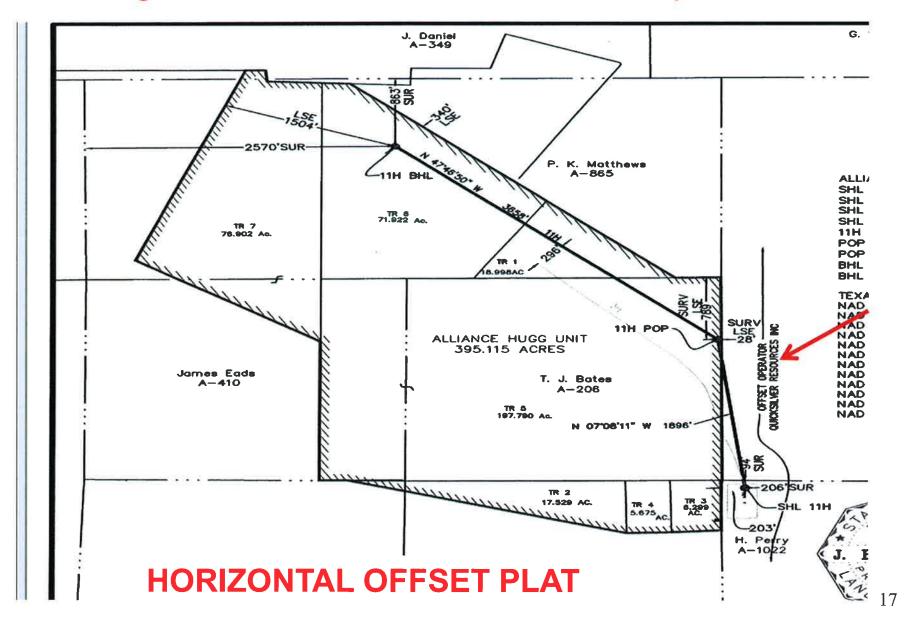


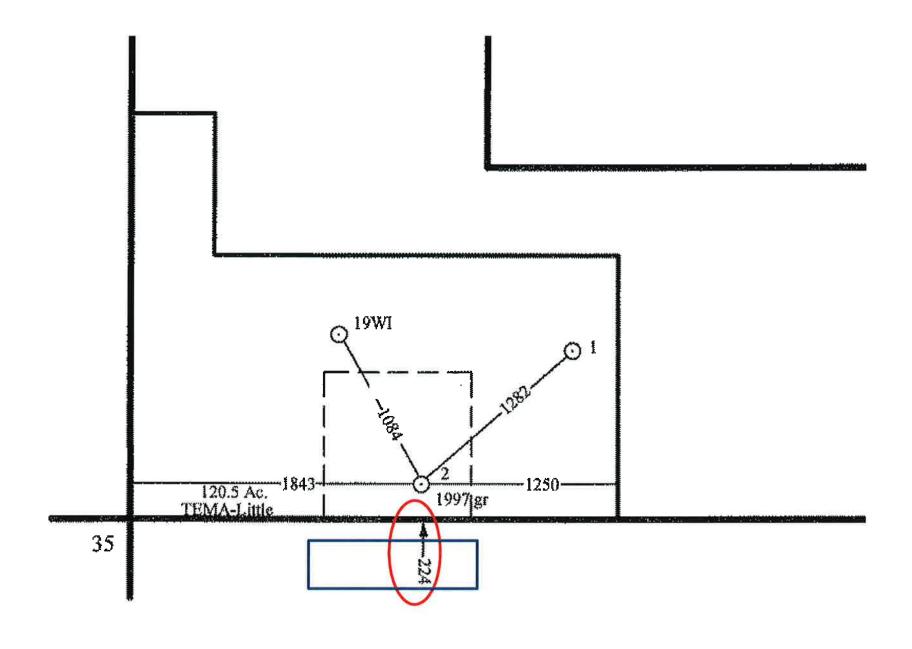
Plat requirements For Lease Line SWR 37 exception

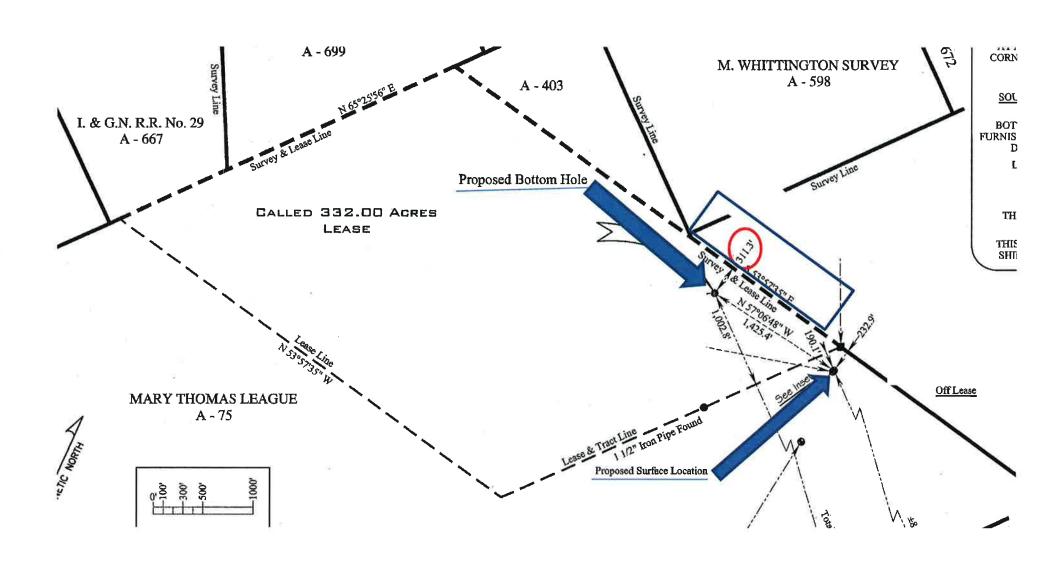
Special horizontal field rules- dual lease line provisions

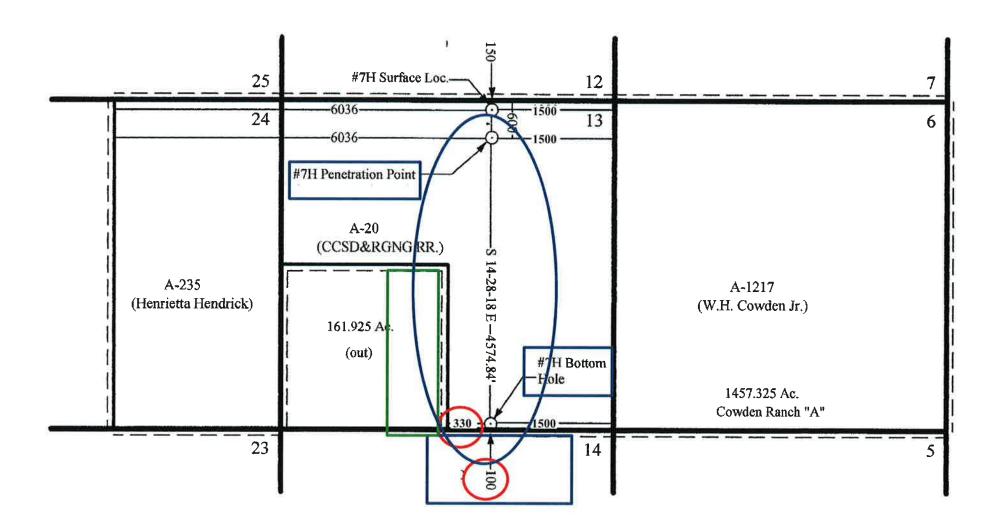
The plat must clearly show all offset interests within the prescribed heel and toe distances and within the minimum lease line distance along the well bore path

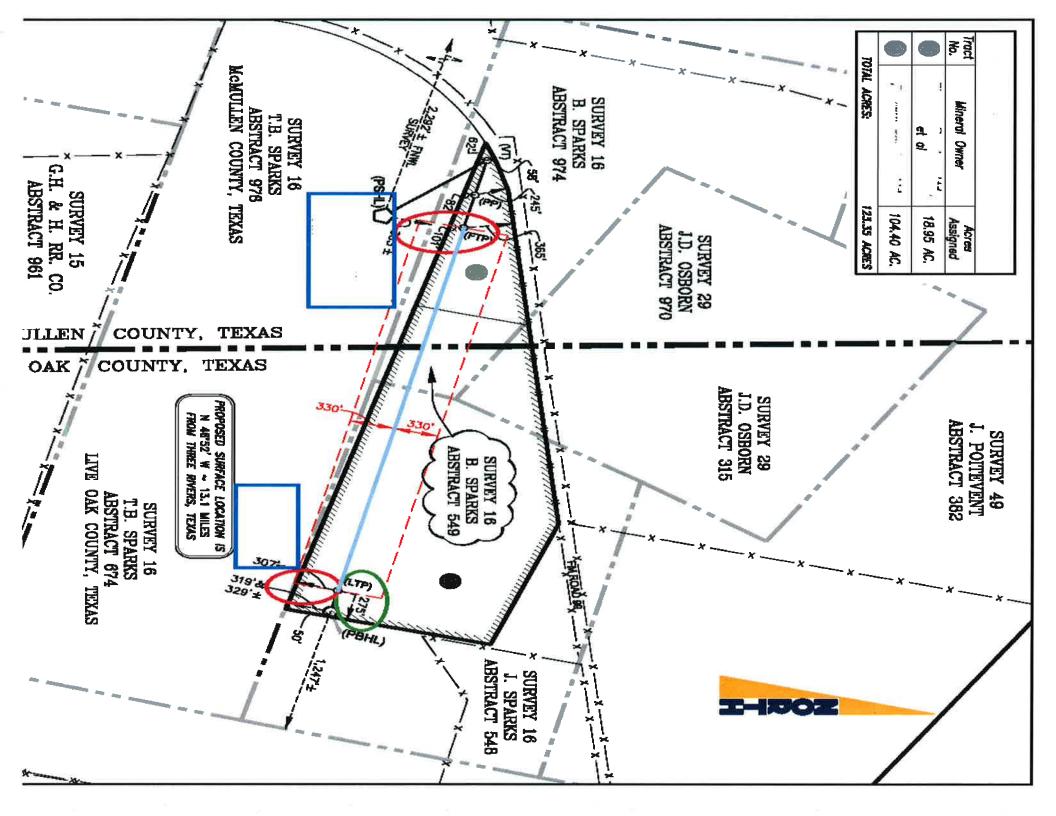
All plats used for SWR exceptions must be certified with a surveyors stamp or signature from operator representative.















RESOLUTIONS TO SWR 37 EXCEPTIONS

LEASE LINE:

- You are your own offset.
- You have waivers from affected offsets.
- Provide service list for 21-day notification of affected offsets.
- If unable to locate affected parties request to set up for publication of notice for 4 consecutive weeks



SWR 37 SPACING EXCEPTIONS

What triggers a SWR 37 Between Well exception?

Oil Field Rules:

County Regular: N Salt Dome: N Field Location: LAND Don't Permit: N

Schedule Remarks: WELL RECORD.

Comments: OPTIONALS 40AC NO DIACONAL

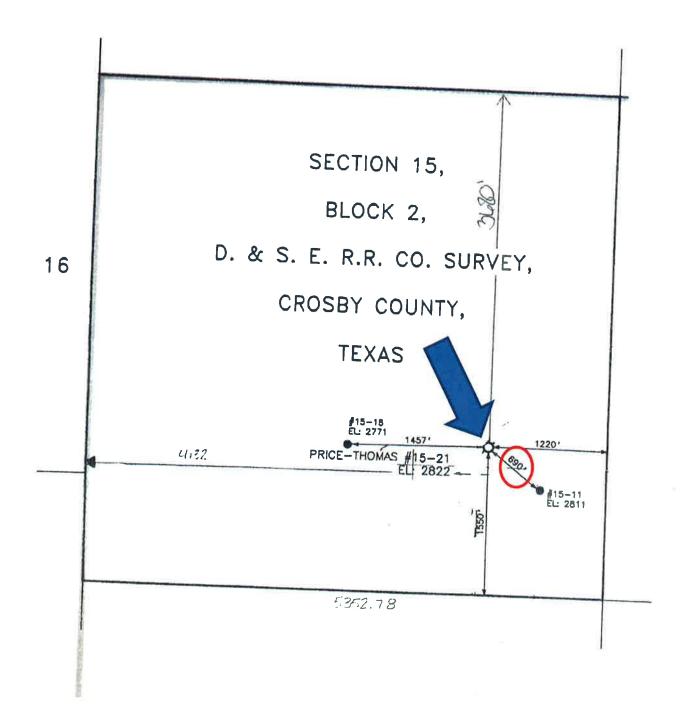
Rule Type	Depth	Lease Spacir	Well Spacing	cres per Unit	Tolerance Acres	Diagonal Code	Diagonal Max Length
Special Rules	All Depths	467	933	160.0	40.0	Corner to Corner	0
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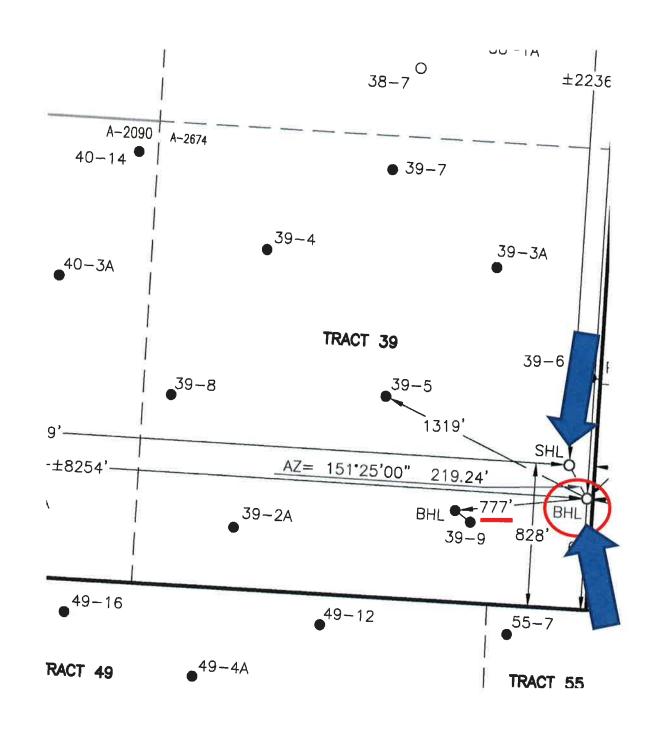
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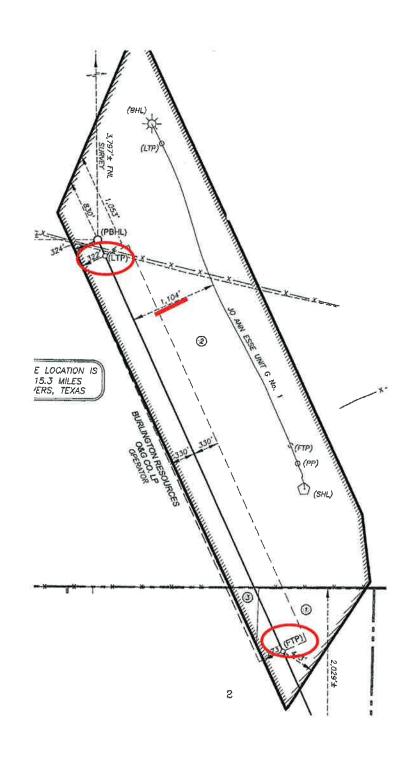
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Comments: CORR.INT.8070'-13092' 40 AC OR RULES TEMP.TIL 5/30/12

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Plat requirements For Between Well SWR 37 exception

- all offset interests must be clearly labeled on plat around the entire lease or pooled unit.
- Read rule 37 for full requirements (copy in handout)
- Could include
 - 1. Offset operators or
 - Lessee or
 - 3. Unleased mineral owner.

All plats used for SWR exceptions must be certified with a surveyors stamp or signature from operator representative.

Texas Administrative Code

Next Rule>>

CHAPTER 3 **RULE §3.37** <u>TITLE 16</u> Statewide Spacing Rule OIL AND GAS DIVISION RAILROAD COMMISSION OF TEXAS **ECONOMIC REGULATION**

- (a) Distance requirements.
- (1) No well for oil, gas, or geothermal resource shall hereafter be drilled nearer than 1,200 feet either to prevent waste or to prevent the confiscation of property. this paragraph when the commission shall determine that such exceptions are necessary property, may grant exceptions to permit drilling within shorter distances than prescribed in provided the commission, in order to prevent waste or to prevent the confiscation of well shall be drilled nearer than 467 feet to any property line, lease line, or subdivision line; to any well completed in or drilling to the same horizon on the same tract or farm, and no
- (2) When an exception to this section is desired, application shall be made by filing the proper the application shall certify that all facts stated in it are true and within the knowledge of described in subsection (c) of this section. A person acquainted with the facts pertinent to and the appropriate form according to the instructions on the form, accompanied by a plat as fee as provided in §3.78 of this title (relating to Fees and Financial Security Requirements) that person.
- the minimum lease-line spacing distance, include: applicant shall file a list of the mailing addresses of all affected persons, who, for tracts closer to the well than the greater of one-half of the prescribed minimum between-well spacing distance or (A) When an exception to only the minimum lease-line spacing requirement is desired, the
- (i) the designated operator;
- (ii) all lessees of record for tracts that have no designated operator; and
- (iii) all owners of record of unleased mineral interests.
- subparagraph (A)(i)-(iii) of this paragraph for each adjacent tract and each tract nearer desired, the applicant is required to file the mailing addresses of those persons identified in the minimum lease-line spacing. to the well than the greater of one-half the prescribed minimum between-well spacing distance or (B) When an exception to the minimum between-well spacing requirement of this section is
- (3) An exception may be granted pursuant to subsection (h)(2) of this section, or after a public commission will presume that every person described in paragraph (2) of this subsection of property. For purposes of giving notice of an application for an exception, the exception to this section is necessary either to prevent waste or to prevent the confiscation subsection. At any such hearing, the burden shall be on the applicant to establish that an will be affected by the application, unless the Oil and Gas Division director or the director's hearing held after at least 10 days notice to all persons described in paragraph (2) of this

- request and a showing by the applicant that: delegate determines they are unaffected. Such determination will be made only upon written
- the applicant's proposed well; and hydrocarbons from the particular tract(s) subject to the request will occur due to production from (A) competent, conclusive geological or engineering data indicate that no drainage of
- mineral interest would be unduly burdensome or expensive. (B) notice to the particular operator(s), lessee(s) of record, or owner(s) of record of unleased
- have not been established. standard development on a pattern of one well to each 40 acres in areas where proration units (b) The distances mentioned in subsection (a) of this section are minimum distances to provide
- Reenter, or Plug Back) (Statewide Rule 5), the applicant shall attach to each copy of the form a addition to the plat requirements in §3.5 of this title (relating to Application to Drill, Deepen, (c) In filing an application for an exception to the distance requirements of this section,
- reservoir within the prescribed minimum between-well spacing distance of the applicant's well; property; and all adjoining surrounding properties and completed wells in the same field and permitted, and completed oil, gas, or oil and gas wells in the same field and reservoir on said (1) shows to scale the property on which the exception is sought; all other applied for,
- properties of all affected offset operators; (2) shows the entire lease, pooled unit, or unitized tract indicating the names and offsetting
- (3) corresponds to the listing required under subsection (a)(2) of this section
- accurately drawn to scale and correctly reflects all pertinent and required data. (4) is certified by a person acquainted with the facts pertinent to the application that the plat is
- resource fields to enter special orders increasing or decreasing the minimum distances provided confiscation of property, the commission reserves the right in particular oil, gas, and geothermal (d) In the interest of protecting life and for the purpose of preventing waste and preventing the by this section.
- violation of said section or on the commission's own order shall be plugged. be permitted to produce either oil, gas, or geothermal resources and any such well so drilled in commission's own order which does not conform in all respects to the terms of such permit shall in the manner prescribed in said section, and no well drilled under such special permit or on the (e) No well drilled in violation of this section without special permit obtained, issued, or granted
- has been approved, or that the Rule 37 exception location has been approved. Failure of an exception location, until first having been notified by the commission that the regular location (f) No operator shall commence the drilling of a well, either on a regular location or on a Rule 37

operator to comply with this subsection will cause such well to be closed in and the holding up of the allowable of such well.

- (g) Subdivision of property
- confiscation if such subdivision took place subsequent to the promulgation and adoption of the of property will be regarded in applying such spacing rule or in determining the matter of or not any property is being confiscated within the terms of such spacing rule, and no subdivision subsequent to the adoption of the original spacing rule will be considered in determining whether special rule with relation to spacing in every field in this state, no subdivision of property made (1) In applying Rule 37 (Statewide Spacing Rule) of statewide application and in applying every original spacing rule.
- subdivision and not entitled to a permit to prevent confiscation of property if it were either: obtain an exception to the spacing rule before a well can be drilled thereon is a voluntary (2) Any subdivision of property creating a tract of such size and shape that it is necessary to
- development; or (A) segregated from a larger tract in contemplation of oil, gas, or geothermal resource
- effective and the voluntary subdivision rule attached (B) segregated by fee title conveyance from a larger tract after the spacing rule became
- geothermal resource field having a discovery date prior to the date of such segregation segregation of a small tract by fee title conveyance which is not located in an oil, gas, or lateral extensions of such reservoir, provided that such rule does not attach in the case of a or geothermal resource production in a certain continuous reservoir, regardless of the subsequent (3) The date of attachment of the voluntary subdivision rule is the date of discovery of oil, gas,
- earliest discovery well for such multiple reservoir structure. reservoirs overlap geographically at least in part), shall be the same date as that assigned to the in the same structural feature and separated vertically but not laterally (i.e., the multiple (4) The date of attachment of the voluntary subdivision rule for multiple reservoir fields located
- such newly discovered reservoir until it overlies or underlies older reservoirs with prior voluntary subdivision rule, even though subsequent development may result in the extension of then the date of discovery of such newly found reservoir remains the date of attachment for the previously discovered reservoirs and is classified by the commission as a newly discovered field, discovery dates. (5) If a newly discovered reservoir is located outside the then productive limits of any
- merged reservoir, and that date will be used subsequent to the date of merger of the fields into a and is merged by commission order is the earliest discovery date of production from such developed through expansion of separately recognized fields into a recognized single reservoir single field. (6) The date of attachment of the voluntary subdivision rule for a reservoir that has been

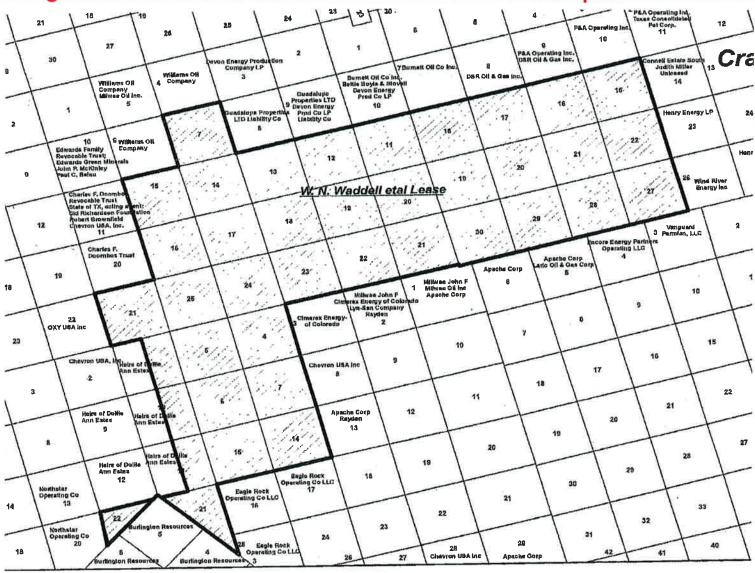
- circumstance which the commission deems sufficient to provide for an exception may be established other than as prescribed in this section, so that innocent parties may have their rights (7) The date of attachment of the voluntary subdivision rule for a reservoir under any special
- (h) Exceptions to Rule 37.
- to paragraph (2) of this subsection shall be issued without the 20-day waiting period. granted, this order shall be subject to further action by the commission. Permits issued pursuant day period, this order shall not become final until such motion is overruled, or if such motion is that if a motion for rehearing of the application is filed by any party at interest within such 20not be final until 20 days after it is actually mailed to the parties by the commission; provided paragraph the following language: It is further ordered by the commission that this order shall (1) An order granting exception to Rule 37 wherein protest is had shall carry as its last
- permit for drilling, deepening, or additional completion, recompletion, or reentry in an existing well bore if: (2) The director of the Oil and Gas Division or a delegate of the director may issue an exception
- application; or (A) a notice of at least 10 days has been given, and no protest has been made to the
- pursuant to subsection (a)(2) of this section. (B) written waivers of objection are received from all persons to whom notice would be given
- director declines to grant an application, the operator may request a hearing commission's discretion to set any application for hearing. If the director or a delegate of the will be processed and permit issued in accordance with this regulation, subject to the (3) Applications filed for drilling, deepening, or additional completion, recompletion, or reentry
- (i) Rule 37 permits.
- shall expire two years from the effective date of the permit unless drilling operations are section, permits issued by the commission for completions requiring an exception to this section commenced in good faith within the two-year permit period. The permit period will not be (1) Unless otherwise specified in a permit or in a final order granting an exception to this
- period will commence, beginning on the date of final decree. commence. On final adjudication and decree from the last court of appeal the two-year permit (2) So long as a Rule 37 exception is in litigation, the two-year permit period will not
- administration of its Spacing Rule 37 and amendments thereto applicable to the various special entertained except on changed conditions. Changed conditions in the commission's (j) Once an application for a spacing exception has been denied, no new application shall be

amendments shall include, among other things, the following fields and reservoirs of Texas and in passing upon applications for permits under said rule and

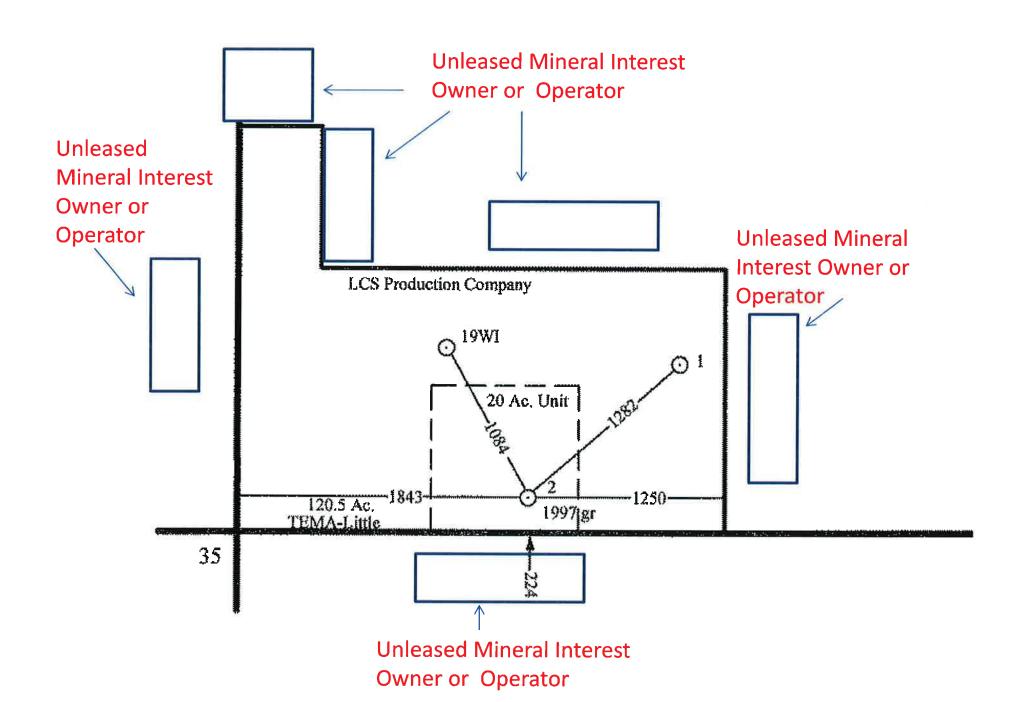
- recovery of oil, gas, or geothermal resource from the given tract. under consideration or under the area surrounding said tract which would materially affect the (1) Any material changes in the physical conditions of the producing reservoir under the tract
- surrounding the tract under consideration which would materially affect or tend to affect the recovery of oil, gas, or geothermal resource from the given tract. (2) Any material changes in the distribution or allocation of allowable production in the area
- or on offset tracts to the tract under consideration which would materially affect or tend to affect the recovery of oil, gas, or geothermal resource from the given tract. (3) Any additional permits granted by the commission for wells drilled in the area surrounding
- applicant, which were not known of and considered by the commission at any previous hearing recovery of oil, gas, or geothermal resource from the applicant's tract, or the property rights of or application thereon. (4) Any additional facts or evidence thereof materially affecting or tending to affect the
- granted only after the filing and processing of a new application. recompletion of the well to reservoirs other than that covered by the permit issued would be reservoir or reservoirs or applicable depth to which the well is projected. Subsequent special field rules are applicable, an exception to the spacing rule shall be granted only for the (k) Exceptions to Statewide Rule 37 apply to the total depth for which the permit is granted or if
- (l) Salt dome oil or gas fields.
- An application for classification as a salt dome oil or gas field shall include the following: (1) The provisions of this section shall not apply to certain approved salt dome oil or gas fields.
- likely to be completed in a separate reservoir; faulting has caused the producing formation to be at a 45 angle or greater, and that each well is (A) geological evidence proving that an oil or gas field is a piercement-type salt dome, that
- (B) establishment, by plat or otherwise, of the probable productive limits of the salt dome
- of this section; and has been given to all operators in the field or, if a new field, in accordance with subsection (a)(2) (C) certification that notice of the application for salt dome classification with evidence included
- (D) a list of persons notified and the date notice was mailed.

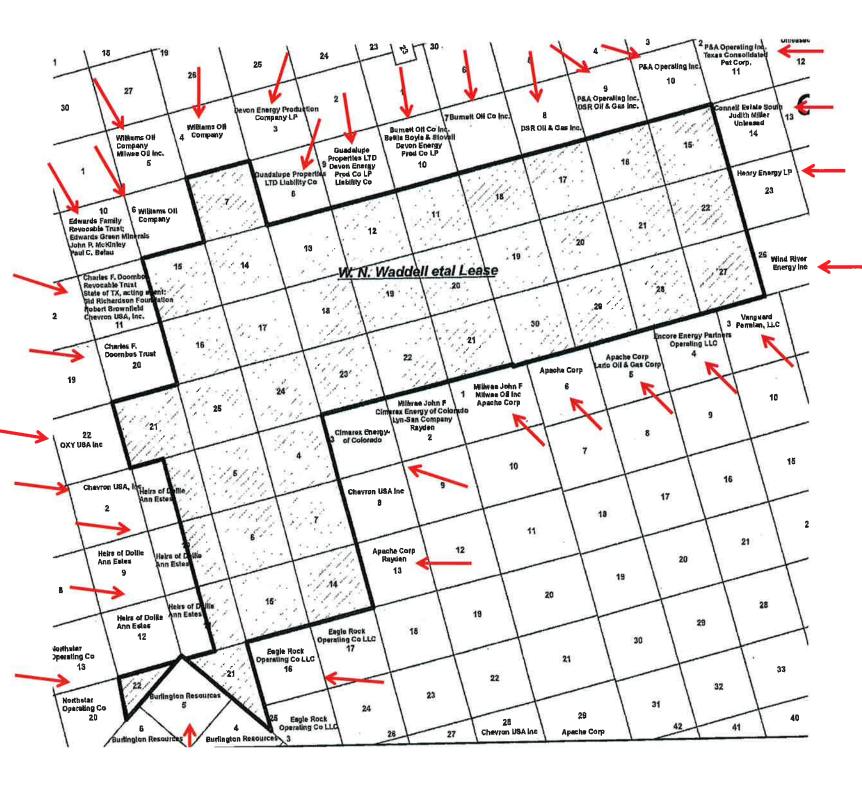
- grant an application for salt dome classification if the evidence proves that the oil or gas field is a salt dome. (2) The director of the Oil and Gas Division, or the director's delegate, may administratively
- days of notice, it will be set for hearing. After hearing, the examiner shall recommend final director's delegate, declines to approve an application. If an application is protested within 10 commission action. (3) The operator may request a hearing if the director of the Oil and Gas Division, or the
- not alter the status of those fields previously approved and listed in this section. (4) The amendment providing for administrative approval of salt dome oil and gas fields does
- authenticated data at each such hearing. condition of each such well. The following will be adduced from sworn testimony and record in each reapplication for such deviated wells so that the commission can determine the bottomed on the lease where permitted, are legal wells. The Rule 37 department will develop the (m) Wells that were deviated, whether intentionally or otherwise, prior to April 1, 1949, and are
- that date and its subsequent producing status is not adequate proof of deviation. (1) That such well was deviated before April 1, 1949. Proof of completion of the well prior to
- bottom hole location must be proven by the submission of an acceptable authenticated directional survey. (2) That such well was completed on the lease where the surface location was permitted. Such
- Example: Denial order for a Rule 37 application for a comparable location. limitation placed in the permit to drill, or is not in violation of a specific commission order. (3) That such bottom hole location is one that either is not in direct violation of a condition or
- inclination or a false directional survey with the commission. (4) That the present operator of such well or his predecessor has not filed either a false
- permit is refused shall not be considered a replaceable well under commission replacement-well specific commission order, is an illegal well and it shall not be permitted, and such well where violation of a specific condition or limitation placed in the Rule 37 permit, or is in violation of a (5) A well that is either bottomed off the lease, deviated after April 1, 1949, drilled in direct
- applicant proves that a vertical projection of the permitted surface location for such well is now applicable, provided, that such bottom hole location shall not be approved unless the bottom hole location of a deviated well as a reasonable location under the rules and regulations within the productive limits of the reservoir. (6) The provisions of this section do not preclude an operator from applying for approval of the





BETWEEN WELL AND DENSITY OFFSET PLAT









RESOLUTIONS TO SWR 37 EXCEPTIONS

BETWEEN WELL:

- You are your own offset.
- You have waivers from affected offsets.
- Provide service list for 21-day notification of affected offsets.
- If unable to locate affected parties request to set up for publication of notice for 4 consecutive weeks



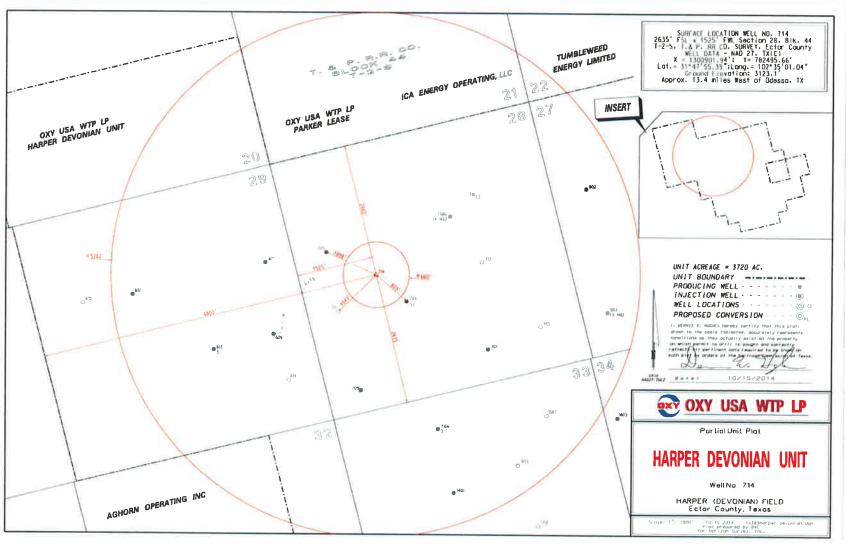


RESOLUTIONS TO SWR 37 EXCEPTIONS

BETWEEN WELL: CONTINUED

- Unaffected status
- 1. Offset resides in another state or country
- 2. For larger leases/pooled units that affected offsets are more than 1 mile away from well location.
 - ✓ Provide offset plat that shows entire lease
 - ✓ Show 1 mile radius around well
 - ✓ Letter requesting Unaffected status for those offsets more than 1 mile away including drainage calculations







SWR 38 WELL DENSITY EXCEPTIONS

What triggers a SWR 38 density exception?

Oil Field Rules: County Regular: N Salt Dome: N Field Location: LAND Don't Permit: N Schedule Remarks: WELL RECORD. **Comments: OPTIONALS 40AC NO DIAGONAL Rule Type** Depth Lease Spacing Well Spacing Acres per Unit olerance Acres Diagonal Code Diagonal Max Length Special Rules | All Depths 467 933 160.0 40.0 Corner to Corner Optional Rules All Depths 933 467 40.0 0.0 Corner to Corner 99999 **Gas Field Rules: County Regular: N** Salt Dome: N Field Location: LAND Don't Permit: N Schedule Remarks: FIELD RULES ARE TEMPORARY AND EFFECTIVE UNTIL MAY 30, 2012. Comments: CORR.INT.8070'-13092',40 AC.OP., RULES TEMP.TIL 5/30/12 Rule Type Depth Lease Spacing Well Spacing Acres per Unit Tolerance Acres Diagonal Code Diagonal Max Length Special Rules All Depths 467 933 320.0 32.0 Optional Rules All Depths 467 933 0.0 99999 40.0 Corner to Corner

Number of wells X the minimum acreage needed should be less than or equal to the lease/pooled unit acreage.



Plat requirements for SWR 38 exception

- all offset interests must be clearly labeled on plat around the entire lease or pooled unit.
- Could include
 - 1. Offset operators or
 - Lessee or
 - 3. Unleased mineral owner.

Verify that your field does not have special notification requirements

All plats used for SWR exceptions must be certified with a surveyors stamp or signature from operator representative.

<< Prev Rule

Texas Administrative Code

Next Rule>>

TITLE 16
PART 1
CHAPTER 3

ECONOMIC REGULATION
RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

RULE §3.38

Well Densities

following meanings, unless the context clearly indicates otherwise (a) Definitions. The following words and terms, when used in this section, shall have the

- designated in writing by the director or the Commission. (1) Commission designee--Director of the Oil and Gas Division or any Commission employee
- (2) Drilling unit--The acreage assigned to a well for drilling purposes
- allocating allowable production to the well (3) Proration unit--The acreage assigned to a well for the purpose of assigning allowables and
- optional drilling units (4) Substandard acreage--Less acreage than the smallest amount established for standard or
- by this rule only in context with well density regulation. tolerance acreage is defined in context with proration regulation, while surplus acreage is defined optional drilling units. Surplus acreage is distinguished from the term "tolerance acreage," in that well in a field, in an amount equaling or exceeding the amount established for standard or remains unassigned after the assignment of acreage to each applied for, permitted, or completed (5) Surplus acreage--Substandard acreage within a lease, pooled unit, or unitized tract that
- assigned to a well for proration purposes pursuant to special field rules in addition to the amount established for a prescribed or optional proration unit. (6) Tolerance acreage--Acreage within a lease, pooled unit, or unitized tract that may be
- (b) Density requirements.
- (1) General prohibition. No well shall be drilled on substandard acreage except as hereinafter
- (2) Standard units.
- spacing rules, either special, country regular, or statewide, are applicable is hereby prescribed to be the following. (A) The standard drilling unit for all oil, gas, and geothermal resource fields wherein only

Attached Graphic (see attachment at end of rule)

(B) The spacing rules listed in subparagraph (A) of this paragraph are not exclusive. If any

commission, it will be given an appropriate acreage assignment. spacing rule not listed in subparagraph (A) of this subsection is brought to the attention of the

- develop a lease, pooled unit, or unitized tract to final density, and only in the following commission in a prescribed form the necessary data to show that such permit is needed to well," may be granted as regular when the operator seeking such permit certifies to the resource on a drilling unit composed of surplus acreage, commonly referred to as the "tolerance circumstances: (c) Development to final density. An application to drill a well for oil, gas, or geothermal
- provisions expressly made applicable to optional proration units; optional units and the special or county regular rules for the field do not have a tolerance does not apply for a lease, pooled unit, or unitized tract that is completely developed with tolerance acreage by special or county regular rules for the field, provided that this paragraph (1) when the amount of surplus acreage equals or exceeds the maximum amount provided for
- exceeds one-half of the smallest amount established for an optional drilling unit; or made applicable to optional proration units, when the amount of surplus acreage equals or (2) if the special or county regular rules for the field do not have a tolerance provision expressly
- prescribed for the standard unit. or proration unit, when the amount of surplus acreage equals or exceeds one-half the amount (3) if the applicable rules for the field do not have a tolerance provision for the standard drilling
- (d) Applications involving the voluntary subdivision rule.
- substandard acreage, when the leases, or the drillsite tract of a pooled unit or unitized tract: required for the first well in a field on a lease, pooled unit, or unitized tract composed of (1) Density exception not required. An exception to the minimum density provision is not
- rule (§3.37(g) of this title (relating to Statewide Spacing Rule)); or (A) took its present size and shape prior to the date of attachment of the voluntary subdivision
- substandard acreage in the field according to the density rules in effect at the time it took its rule (§3.37(g) of this title (relating to Statewide Spacing Rule)) and was not composed of present size and shape. (B) took its present size and shape after the date of attachment of the voluntary subdivision
- composed of substandard acreage and that: granted only to prevent waste, for a well on a lease, pooled unit, or unitized tract that is (2) Density exception required. An exception to the density provision is required, and may be
- rule (§3.37(g) of this title (relating to the Statewide Spacing Rule)); and (A) took its present size and shape after the date of attachment of the voluntary subdivision
- (B) was composed of substandard acreage in the field according to the density rules in effect at

the time it took its present size and shape.

- (3) Unit dissolution.
- substandard acreage for the field from which the unit produced, unless the Commission approves commission applicable to each separate tract if the dissolution results in any tract composed of is accepted by the Commission, and the unit has produced hydrocarbons in the preceding twenty such dissolution (20) years, the unit may not thereafter be dissolved into the separate tracts with the rules of the (A) If two or more separate tracts are joined to form a unit for oil or gas development, the unit
- shall give notice of the application to these affected persons. joined or unitized tract. Additionally, if one or more wells on the unitized tract has produced application to all current lessees and unleased mineral interest owners of each tract within the unitized tract at the time the application is filed. The Commission shall give notice of the of all current lessees and unleased mineral interest owners of each tract within the joined or the list all affected persons described in subsection (h)(1)(A) of this section, and the Commission hearing. The applicant seeking the unit dissolution shall provide a list of the names and addresses from the field within the 12-month period prior to the application, the applicant shall include on (B) The Commission shall grant approval only after application, notice, and an opportunity for
- determines that granting the application will not result in the circumvention of the density restrictions of this section or other Commission rules, and if either: (C) A Commission designee may grant administrative approval if the Commission designee
- (i) written waivers are filed by all affected persons; or
- (ii) no protest is filed within the time set forth in the notice of application
- indicate the docket number of the entity for density order on the application form producing wells in the field within the unitized area, multiplied by the applicable density has granted an entity for density order, if the sum of all applied for, permitted, or completed minimum density provision is not required for a well in a unitized area for which the commission (e) Application involving unitized areas with entity for density orders. An exception to the provision, does not exceed the total number of acres in the unitized area. The operator must
- confiscation of property, may grant exceptions to the density provisions set forth in this section order to prevent waste or, except as provided in subsection (d)(2) of this section, to prevent the Such an exception may be granted only after notice and an opportunity for hearing. (f) Exceptions to density provisions authorized. The Commission, or Commission designee, in

(g) Filing requirements.

acquainted with the facts, stating that all information in the application is true and complete to title (relating to Fees and Financial Security Requirements) and shall be certified by a person (1) Application. An application for permit to drill shall include the fees required in §3.78 of this

the best of that person's knowledge.

- application a plat that: in addition to the plat requirements in §3.5 of this title (relating to Application to Drill, Deepen, Reenter, or Plug Back) (Statewide Rule 5), the applicant shall attach to each copy of the (2) Plat. When filing an application for an exception to the density requirements of this section,
- located within the lease, pooled unit, or unitized tract; permitted, or completed oil, gas, or oil and gas wells in the same field or reservoir which are the drilling unit for the proposed well and the acreage assigned to all current applied for, (A) depicts the lease, pooled unit, or unitized tract, showing thereon the acreage assigned to
- permit is sought and the immediately adjacent wells on the lease, pooled unit, or unitized tract; as shown on the face of the application, outlines the acreage assigned to the well for which the (B) on large leases, pooled units, or unitized tracts, if the established density is not exceeded
- current application; than one field, outlines the acreage assigned to the wells in each field that is the subject of the (C) on leases, pooled units, or unitized tracts from which production is secured from more
- (D) corresponds to the listing required under subsection (g)(1)(A) of this section
- accurately drawn to scale and correctly reflects all pertinent and required data. (E) is certified by a person acquainted with the facts pertinent to the application that the plat is
- size and shape. indicating the date the lease, or the drillsite tract of a pooled unit or unitized tract, took its present tract composed of substandard acreage must include a certification in a prescribed form (3) Substandard acreage. An application for a permit to drill on a lease, pooled unit, or unitized
- pooled unit, or unitized tract took its present size and shape. (c) of this section must include a certification in a prescribed form indicating the date the lease, (4) Surplus acreage. An application for permit to drill on surplus acreage pursuant to subsection
- be filed on Form W-1A, Substandard Acreage Certification. (5) Certifications. Certifications required under paragraphs (3) and (4) of this subsection shall
- the form in accordance with instructions on the form. indicate the purpose of filing. The operator shall accurately complete all information required on (A) The operator shall file the Form W-1A with the drilling permit application and shall
- applies in the designated area on the form. If there are more than three fields for which the additional pages in sequence. certification applies, the operator shall attach additional Forms W-1A and shall number the (B) The operator shall list the field or fields for which the substandard acreage certification

- Commission's Electronic Compliance and Approval Process (ECAP) system. copy with the appropriate district office, unless the operator files electronically through the (C) The operator shall file the original Form W-1A with the Commission's Austin office and a
- identification and contact information. 1A is true, complete, and correct by signing and dating the form, and listing the requested (D) The operator or the operator's agent shall certify the information provided on the Form W-
- dismissal of the application. (E) Failure to timely file the required information on the appropriate form may result in the
- (h) Procedure for obtaining exceptions to the density provisions
- provision, the operator must file, in addition to the items required by subsection (g) of this (1) Filing requirements. If a permit to drill requires an exception to the applicable density
- affected only upon written request and a showing by the applicant that: mineral interest owners of all tracts nearer to the proposed well than the prescribed minimum unleased mineral interest owners of all adjacent offset tracts, and the operators and unleased of application, the Commission presumes that affected persons include the operators and lease-line spacing distance. The Commission designee may determine that such a person is not (A) a list of the names and addresses of all affected persons. For the purpose of giving notice
- hydrocarbons from the particular tracts subject to the request will not occur due to production from the proposed well; and (i) competent, convincing geological or engineering data indicate that drainage of
- burdensome or expensive; (ii) notice to the particular operators and unleased mineral interest owners would be unduly
- prevent the confiscation of property; showing that the drilling of a well on substandard acreage is necessary to prevent waste or to (B) engineering and/or geological data, including a written explanation of each exhibit,
- (C) additional data requested by the Commission designee.
- submitted. notice of the application by mail to all affected persons for whom signed waivers have not been (2) Notice of application. Upon receipt of a complete application, the Commission will give
- exception permit administratively if: according to subsection (f) of this section, then the Commission designee may issue the submitted, that a permit requiring an exception to the applicable density provision is justified (3) Approval without hearing. If the Commission designee determines, based on the data

- (A) signed waivers from all affected persons were submitted with the application; or
- protest was filed within 21 days of the notice; or (B) notice of application was given in accordance with paragraph (2) of this subsection and no
- (C) no person appeared to protest the application at a hearing scheduled pursuant to paragraph (4)(A) of this subsection.
- (4) Hearing on the application.
- accordance with paragraph (2) of this subsection, the application will be set for hearing. (A) If a written protest is filed within 21 days after the notice of application is given in
- (f) of this section, the operator may request a hearing to consider the application. requiring an exception to the applicable density provision is not justified according to subsection (B) If the application is not protested and the Commission designee determines that a permit
- good faith within the two year period. two years from the effective date of the permit; unless drilling operations are commenced in (i) Duration. A permit is issued as an exception to the applicable density provision shall expire



Special Horizontal Field Rules

Special Horizontal Field Rules: For informational purposes only. The Final Order controls all field rules.

Illustration Screen Help

Correlative Interval: From 6865 to 10605 feet

Established by API Number: 32931029

Dual Lease Line Take Point Spacing

First/Last Take Points (Heel and Toe) to Lease Line: 100 feet

Perpendicular Spacing from All Take Points to Lease Line: 330 feet

Off-Lease Penetration Point: Yes

Between-Well Spacing

Horizontal to Vertical: 0 feet

Horizontal to Horizontal: 0 feet

Overlap Distance: N/A

Subsurface Tolerance Box: 50 feet

Non-Perforation Zone (NPZ): Yes

Stacked Lateral Rules: Yes (If yes, see Final Order for details)

Special Rule 38 (Well Density) Provision

Upper: 79 acres

Notification Radius: 660 feet

Lower: 20 acres

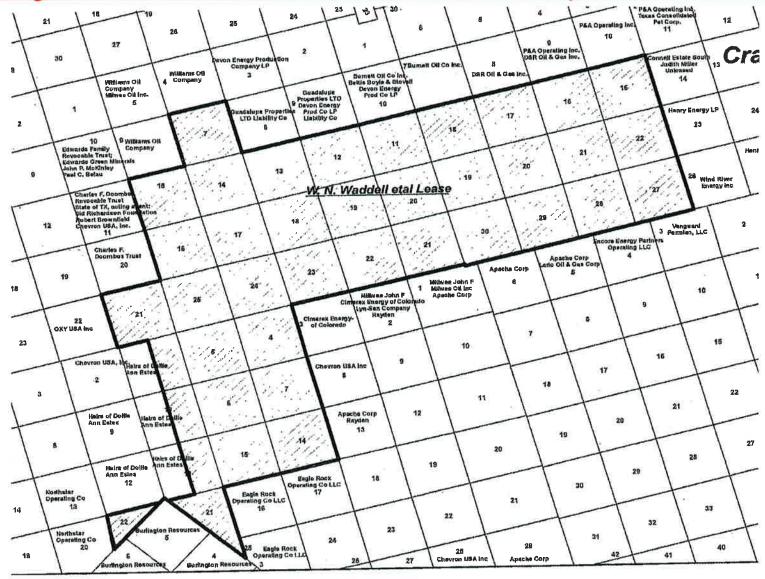
Comments for the Special Field Rules

Comments: DOCKET NUMBER 7C-0291171 IS THE SECOND DOCKET APPROVED FOR THIS FIELD.

History: Final Orders that contain special horizontal field rules language

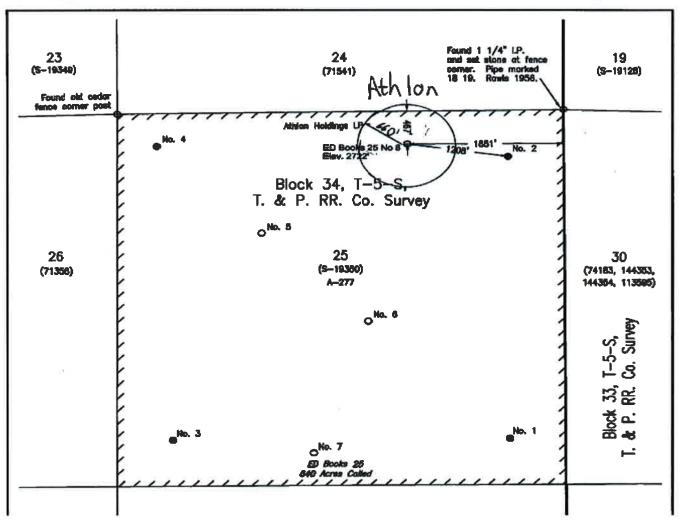
E	ocket Number	Final (Order	Effective	Date	Final	Order	Document
7	c-0291169		12/0	2/2014			Click	Here





BETWEEN WELL AND DENSITY OFFSET PLAT





VERTICAL WELL OFFSET PLAT- SWR 38 WITH SPECIAL NOTIFICATION REQUIREMENTS



RESOLUTIONS TO SWR 38 EXCEPTIONS

- You are your own offset.
- You have waivers from affected offsets.
- Provide service list for 21-day notification of affected offsets.
- If unable to locate affected parties request to set up for publication of notice for 4 consecutive weeks.

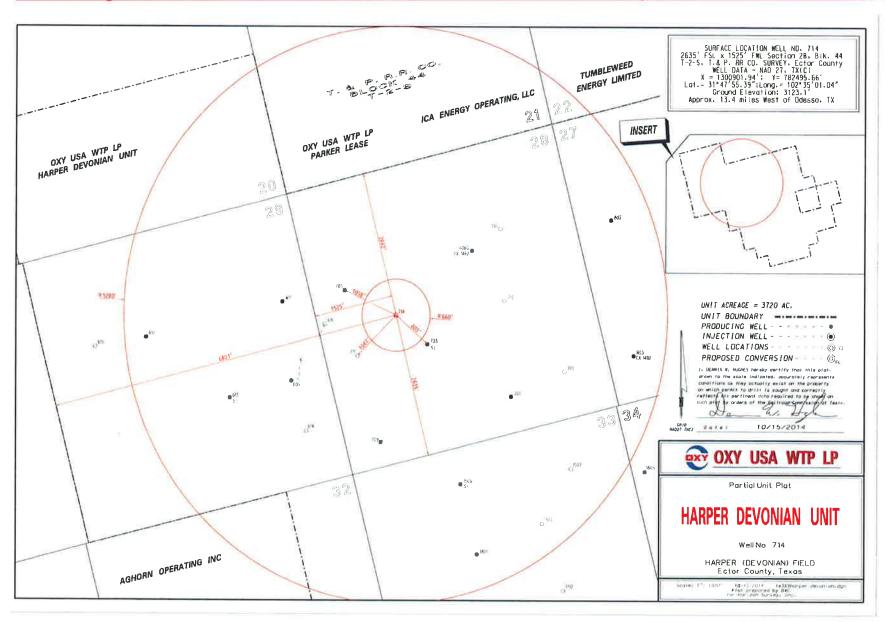


RESOLUTIONS TO SWR 38 EXCEPTIONS

WELL DENSITY: CONTINUED

- Unaffected status
- 1. Offset resides in another state or country
- 2. For larger leases/pooled units that affected offsets are more than 1 mile away from well location.
 - ✓ Provide offset plat that shows entire lease
 - ✓ Show 1 mile radius around well
 - ✓ Letter requesting Unaffected status for those offsets more than 1 mile away including drainage calculations 31









RESOLUTIONS TO SWR 38 EXCEPTIONS: Continued

Once notification has occurred with no protests then processing of application continues.

- 1. If no data is required then permit is administratively approved.
- 2. If data is required then RRC technical examiner will review the information you have provided.



Railroad Commission of Texas Oil and Gas Division - Permitting Services

GEOLOGICAL AND ENGINEERING DATA REQUIRED FOR STATEWIDE RULE 38 ADMINISTRATIVE EXCEPTIONS

Applicants for exceptions to Statewide Rule 38 density provisions are required to submit the following engineering and geological information for each applied-for field in support of the request when seeking administrative approval.

FOR ALL APPLICATIONS

- Area map showing mineral ownership of offsetting wells, offsetting leases, and unleased tracts.
- 2. Cross section(s) indicating continuity or discontinuity of reservoir.
- 3. Structure map and/or isopach map indicating limits of reservoir (if relevant).
- Recoverable reserve calculations for subject lease, pooled unit, or unitized tract, with supporting data.
- Cumulative production from wells on subject lease, pooled unit, or unitized tract that ever produced from each applied-for field.
- Estimated of remaining recoverable reserves from existing wells on subject lease, pooled unit, or unitized tract, with supporting data.

WHEN THE REQUESTED EXCEPTION IS TO PREVENT WASTE

- 7. Items 1-6, above.
- 8. Estimate of remaining recoverable reserves from offset wells affective subject lease, pooled unit, or unitized tract, with supporting data.
- Cumulative production from offset wells affecting subject lease, pooled unit, or unitized tract.
- Amount of recoverable reserves which will not be recovered by wells on or affecting the subject lease, pooled unit, or unitized tract.

Other relevant information may be required to evaluate the request. If any of the above required data cannot be submitted, the applicant must include a written explanation.

April 1997

See notice on reverse side





Original Recoverable Oil & EUR Comparison Three Rivers Operating Company II, LLC Louis 3112 - Upton County, TX Spraberry (Trend Area) Field

EUR for Entire 640 Acres:

Average Porosity =	12%
Average Water Saturation =	25%
Bo =	1.4 bbl/STE
Acres =	640
Estimated Net Pay =	240
Oli in Place =	76,604,709 STBs
Recovery Factor =	3%
Original Recoverable Oil =	2,298,141 STBs

Three Rivers has rights to produce from depths below the base of the Spraberry. These volumetrics and EURs apply only to the interval for which Three Rivers has rights to produce. There are 4 wells currently producing in the same interval:

	Cum. Oil (57Bs)	EUR (STBs)	
Louis 3142	7,760	145,542	
Louis 3131	24,009	72,826	
Louis 3114	7,539	30,098	
Louis 3133	7,294	50,758	
Total	46,602	299,224	

Remaining Reserves Left to Recover

1,998,917.26 STBs



RAILROAD COMMISSION OF TEXAS Oil and Gas Division PO Box 12967 Austin, Texas 78711-2967 www.rrc.state.tx.us

SUBSTANDARD ACREAGE CERTIFICATION

W-1A

Revised 05/2001

2. Operator P-5 Number	3. RRC Distr	3. RRC District Number	
5. Lease/ID Number (# ass	igned) 6. Purpose o	6. Purpose of Filing	
8. Well Number			
10. API Number	Other		
RRC use only Disc, Date	Rules Eff. Date	Rules Amd. Date	
Disc. Date	Rules Eff. Date	Rules Amd. Date	
Disc. Date	Rules Eff Date	Rules Amd. Date	
	5. Lease/ID Number (# ass 8. Well Number 10. API Number RRC use only Disc, Date Disc, Date	5. Lease/ID Number (# assigned) 8. Well Number 10. API Number Other Docket # RRC use only Disc Date Rules Eff. Date	

W-1 A CAN
BE USED TO
GET THE
FIRST WELL
ON A LEASE
OR THE
LAST WELL.

CERTIFICATION FOR AN OPERATOR SEEKING A PERMIT ON A LEASE, POOLED UNIT OR UNITIZED TRACT WHICH CONTAINS SUBSTANDARD ACREAGE AS DEFINED BY EITHER STATEWIDE RULE 38 OR BY SPECIAL FIELD RULES.

- A. This lease, pooled unit or unitized tract was established as a separate tract in its present size and shape on

 and has remained as such since that date.
- B. The ownership in this lease, unitized tract or the drill site tract of a pooled unit has not:
 - I) been the same as or common to the ownership of any adjoining tract at any time after the date set forth in paragraph A.; and,
 - ii) been unitized or pooled with any adjoining tract and accepted as a single tract for any Commission approved development or allowable purpose.





HOW DOES THE W-1A WORK

- If the date that the tract took its size and shape is prior to the field rules going into effect a permit can be granted on sub-standard acreage.
- If this is the last well on the lease and you have the specified tolerance acreage available and the tract took its size and shape prior to the field rules going into effect then a permit can be granted on substandard acreage.



Important things to remember:

- To ensure un-interrupted processing
 - 1. Make sure you file a certified plat that clearly shows the affected offsets.
 - If filing in fields with special horizontal rules make sure that if you know an exception is needed that you manually flag your application.
 - 3. Lastly call us if you have any questions before you file the application.



Contact Information



For more questions concerning **SWR** exceptions contact Chris Houston, Johnnethan Washington **Sherri Gore** 512-463-6751